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# **Bangladesh**

## **Oilseeds and Products**

### **Annual**

### **2001**

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#### **Report Highlights:**

**Responding to weak world prices, vegetable oil imports soared to an estimated 620,000 tons in MY 2000/01 and are forecast to reach 650,000 tons in MY 2001/02, with soybean oil comprising more than three-fourths of the total.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
New Delhi [IN1], BG

## **Production**

Production of oilseeds in MY 2000/01 (Jul/Jun) is estimated at 341,000 metric tons. About three-fourths of the total is mustard; other significant oilseeds are peanut, linseed and cotton seed. Soybean (3000 tons) and sunflower (1000 tons) are relatively new and grown only with assistance from the government's crop diversification program. Because of the nonavailability of efficient oil extraction technology, neither are gaining in popularity. Oilseeds are produced using mainly locally-developed high yielding varieties; only in sunflowers is there some use of hybrids. In spite of small increases in yield, production of oilseeds has been falling due to reduced area, resulting from unattractive prices and the GOB's encouragement of grain production in order to boost food security.

Oilseed crushing is estimated to have declined by 21 percent to just 457,000 tons in MY 2000/01. With crushing capacity of 1.5 million tons, utilization is now less than one-third due to the shortage of oilseeds. Extraction of oils from locally produced oilseeds is done by a large number of small crushing plants using indigenous technology. Hence, the oil extraction rate is low and the quality of oil cake is unsuitable for poultry feed (it is used for cattle).

Vegetable oil production is estimated at 155,000 tons in MY 2000/01, 22 percent below the MY 1999/00 level. About 85 percent of the edible oil produced in Bangladesh comes from local mustard/rapeseed; this is augmented by imported rapeseed. Vegetable oil production is forecast to fall to 149,000 tons in MY 2000/01 due to a likely reduction in oilseed imports.

## **Consumption**

Consumption of vegetable oil has been increasing rapidly in recent years and is projected to reach 785,000 tons in MY 2000/01 (6.28 kgs per capita). Domestically produced oilseeds, dominated by mustard, can supply only 15 percent of the total. The balance comes from refining imported crude vegetable oils and by extracting oil from imported oilseeds, mainly rape. Soybean oil consumption in MY 2000/01 is projected to reach a record 430,000 tons, 7.5 percent higher than in MY 1999/00. Increasing acceptance of soy oil is due to attractive prices and increasing awareness of its health benefits. Consumption of palm oil, though not as popular as soy with the general public, is used in low-end restaurants and biscuit factories as well as being blended with other edible oils.

Considering the high protein content of soy flour, the Department of Agricultural Extension has been trying to promote its use in the production of bread, biscuits, etc. since the early 90's, so far without success.

Recent growth of the poultry industry has generated strong demand for soy meal, which is sourced in India. Consumption is estimated at 125,000 tons in FY 2000/01 and is forecast to reach 150,000 tons next year.

## **Trade**

Despite the sharp increase in vegetable oil consumption, imports of mustard/rape seed fell by nearly half, from 293,000 tons in MY 1999/00 to 150,000 tons this year (120,000 tons of rape seed and 30,000 tons of oriental mustard). On the other hand, growing consumer demand and weak world prices have caused the import of oil to soar.

Imports of oilseed continue to struggle due to the abundant supply of crude vegetable oils. Crushers face tough competition from refineries despite the fact that the government has reduced the import duty and eliminated other taxes on the import of oilseeds. Imports are 90 percent rape seed (from Australia and France) and 10 percent oriental mustard (from Canada and Russia).

As the price advantage of soybean oil over palm oil declined in MY 2000/01, imports of palm climbed from 150,000 tons in MY 1999/00 to an estimated 200,000 tons this year. On the other hand, imports of soy oil are estimated to have decreased slightly to 420,000 tons in MY 2000/01, including 20,000 tons of oil donated by the US under the Section 416(b) program. With the price advantage of palm beginning to recede, it is forecasted that 500,000 tons of soy oil will be imported in MY 2001/02, including the balance (60,000 tons) of 416(b) oil from the US. As palm oil is used mostly for blending (with soy oil), its import is forecast at 150,000 tons for MY 2001/02.

Except for the US donation, Bangladesh sources all of its CDSO from Brazil (80 percent) and Argentina (20 percent), as US supplies are generally US\$10-15/ton above South American prices. Limited quantities (15,000 tons) of refined oil is imported from Singapore, along with very small quantities from the US. Crude palm oil is imported entirely from Malaysia.

As Bangladesh is experiencing rapid growth in the poultry sector, consumption of soybean meal has been increasing. Imports from India, the sole commercial supplier, are estimated at 125,000 tons in MY 2000/01 (65,000 official plus 60,000 unofficial border trade), compared with 100,000 tons in MY 1999/00.

#### **Average Wholesale Prices of Vegetable Oils in Dhaka (July/June Average)**

Edible Oil	1996/97		1997/98		1998/99		1999/00	
	Taka	USD	Taka	USD	Taka	USD	Taka	USD
Soybean	43,790	1,027	48,750	1,076	46,500	969	37,500	721
Palm	41,900	983	47,600	1,050	45,400	946	35,000	673
Rapeseed	52,640	1,235	53,290	1,176	51,600	1,075	50,000	962

Exchange rates: USD 1.00 = Taka 42.64 in 1996/97  
 USD 1.00 = Taka 45.32 in 1997/98  
 USD 1.00 = Taka 48.00 in 1998/99  
 USD 1.00 = Taka 52.00 in 1999/00.

#### **Policy**

There are no quantitative restrictions on the import of oilseeds and products into Bangladesh. In order to help support the local crushing industry, however, the government has, since July 1, 2000, eliminated all taxes and charges on imported oilseeds except for a 5 percent duty. The GOB also has protected local refineries with a 37.5 percent duty on refined vegetable oils. The duty on crude edible oil is 15 percent. In addition, all edible oils are subject to a 15 percent value added tax (VAT) and 9.5 percent "miscellaneous fees and charges." In recent years, all imports of oilseeds and products have been carried out by the private sector.

**Commodity, Oil, Soybean**

PSD Table							
Country:							
Commodity:	Oil, Soybean						
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1999		07/2000		07/2001	(MONTH/ YEAR)
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate	0	0	0	0	0	0	
Beginning Stocks	77	77	92	102	0	92	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	350	425	375	420	0	500	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	60	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	427	502	467	522	0	592	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	60	65	70	84	0	90	(1000 MT)
Food Use Dom. Consump.	275	335	330	346	0	380	(1000 MT)
Feed Waste Dom.Consum.	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	335	400	400	430	0	470	(1000 MT)
Ending Stocks	92	102	67	92	0	122	(1000 MT)
TOTAL DISTRIBUTION	427	502	467	522	0	592	(1000 MT)
Calendar Year Imports	330	400	0	380	0	400	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	20	0	60	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

**Commodity, Oil Soybean, Import Trade Matrix**

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:		Oil	
Time period:	Jul - Jun		
Imports for	1999		2000
U.S.	0	U.S.	20,000
Others		Others	
Brazil	328,000	Brazil	310,000
Argentina	82,000	Argentina	75,000
Singapore	15,000	Singapore	15,000
Total for Others	425000		400000
Others not listed			
Grand Total	425000		420000

**Commodity, PSD, Oil Palm**

PSD Table							
Country:	Banglade sh						
Commodity:	Oil, Palm						
		1999		2000		2001	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/1999		07/2000		07/2001	(MONTH/Y EAR)
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	19	19	9	29	0	49	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	100	150	100	200	0	150	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	119	169	109	229	0	199	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum.	5	15	5	20	0	20	(1000 MT)
Food Use Dom. Consump.	105	125	75	160	0	150	(1000 MT)
Feed Seed Waste Dm.Cn.	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	110	140	80	180	0	170	(1000 MT)
Ending Stocks	9	29	29	49	0	29	(1000 MT)
TOTAL DISTRIBUTION	119	169	109	229	0	199	(1000 MT)
Calendar Year Imports	95	125	100	180	0	140	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

**Commodity, Oil Palm, Import Trade Matrix**

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:			
Time period:	Jul - Jun		
Imports for	1999		2000
U.S.	0	U.S.	0
Others		Others	
Malaysia	130,000	Malaysia	170,000
Singapore	20,000	Singapore	30,000
Total for Others	150000		200000
Others not listed			
Grand Total	150000		200000